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Follow-up to the International Conference on Financing for Development

Report of the Second Committee

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I. Introduction

1. At its 2nd plenary meeting, on 19 September 2003, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its fifty-eighth session the item entitled:

“Follow-up to the International Conference on Financing for Development:

“(a) Follow-up to the International Conference on Financing for Development;

“(b) High-level dialogue for the implementation of the outcome of the International Conference on Financing for Development”

and to allocate it to the Second Committee.

2. The Second Committee considered the item at its 33rd, 34th, 35th and 40th meetings, on 11, 12 and 17 November and 16 December 2003. An account of the Committee's discussion of the item is contained in the relevant summary records (A/C.2/58/SR.33, 34, 35 and 40). Attention is also drawn to the general debate held by the Committee at its 2nd to 6th meetings, from 6 to 9 October 2003 (see A/C.2/58/SR.2-6).

3. For its consideration of the item, the Committee had before it the following documents:



Item 104**Follow-up to the International Conference on Financing for Development**

Report of the Secretary-General on the implementation of and follow-up to commitments and agreements made at the International Conference on Financing for Development (A/58/216)

Letter dated 1 October 2003 from the Permanent Representative of Morocco to the United Nations addressed to the Secretary-General, transmitting the ministerial declaration adopted by the Ministers for Foreign Affairs of the Group of 77 and China at their twenty-seventh annual meeting, held at United Nations Headquarters on 25 September 2003 (A/58/413)

Letter dated 3 October 2003 from the Permanent Representative of the Islamic Republic of Iran to the United Nations addressed to the Secretary-General, transmitting the final communiqué of the annual coordination meeting of Ministers for Foreign Affairs of the Member States of the Organization of the Islamic Conference (A/58/415-S/2003/952)

Letter dated 13 October 2003 from the Permanent Representative of Italy to the United Nations addressed to the Secretary-General, transmitting a document entitled "Italy's Contribution to the Enhanced HIPC Initiative" (A/58/437)

Letter dated 20 October 2003 from the Permanent Representative of Italy to the United Nations addressed to the Secretary-General, transmitting a document entitled "Follow-up to the International Conference on Financing for Development (Monterrey, 2002): the EU Barcelona Commitments" (A/58/529)

Summary by the President of the General Assembly of the High-level Dialogue on Financing for Development (A/58/555 and Corr.1)

Summary by the President of the General Assembly of the High-level Dialogue on Financing for Development: summary of the informal hearings of civil society (A/58/555/Add.1)

Summary by the President of the General Assembly of the High-level Dialogue on Financing for Development: summary of the informal hearings of the business sector (A/58/555/Add.2)

(a) Follow-up to the International Conference on Financing for Development

Summary by the President of the Economic and Social Council of the special high-level meetings of the Council with the Bretton Woods institutions and the World Trade Organization (A/58/77-E/2003/62)

Summary of the hearings and dialogue of the Economic and Social Council with members of civil society (A/58/77/Add.1-E/2003/62/Add.2)

Summary of the hearings and dialogue of the Economic and Social Council with business interlocutors (A/58/77/Add.2-E/2003/62/Add.2)

(b) High-level dialogue for the implementation of the outcome of the International Conference on Financing for Development

Note by the Secretary-General on the organizational and procedural matters of the High-level Dialogue on Financing for Development (A/58/436)

Letter dated 29 October 2003 from the Permanent Representative of Denmark to the United Nations addressed to the Secretary-General transmitting Denmark's first report on Millennium Development Goal 8, entitled "Develop a global partnership for development" (A/58/542)

4. At the 33rd meeting, on 11 November, the Acting Head of the Financing for Development Office of the Department of Economic and Social Affairs made an introductory statement (see A/C.2/58/SR.33).

5. At the same meeting, the Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States made a statement (see A/C.2/58/SR.33).

II. Consideration of proposals

A. Draft resolutions A/C.2/58/L.39, A/C.2/58/L.40 and A/C.2/58/L.83

Draft resolution A/C.2/58/L.39

6. At the 35th meeting, on 17 November, the representative of Saint Lucia introduced a draft resolution entitled "High-level Dialogue on Financing for Development" (A/C.2/58/L.39), to which he made an oral correction. The draft resolution read as follows:

"The General Assembly,

"Recalling the International Conference on Financing for Development and its resolutions 56/210 B of 9 July 2002 and 57/250, 57/272 and 57/273 of 20 December 2002, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002 and 2003/47 of 24 July 2003,

"Taking note of the report of the Secretary-General on the implementation of and follow-up to commitments and agreements made at the International Conference on Financing for Development,

"Having considered the summary presented by the President of the General Assembly of the High-level Dialogue on Financing for Development, held on 29 and 30 October 2003,

"Determined to continue to build further on and implement the commitments and agreements contained in the Monterrey Consensus of the International Conference on Financing for Development and to strengthen the engagement of all relevant stakeholders in the financing for development process,

"1. Decides to consider innovative ways of mobilizing additional resources for development, and in that regard decides to give consideration at its fifty-ninth session to the study on new and innovative sources of financing being completed by the World Institute for Development Economics Research of the United Nations University, at the request of the Department of Economic and Social Affairs of the Secretariat, as a follow-up to paragraph 44 of the Monterrey Consensus as well as other proposals such as that of establishing an "international finance facility";

"2. *Requests* the United Nations Conference on Trade and Development to address the issue of commodities in a focused and comprehensive manner, on an ongoing basis, as well as at its eleventh session in June 2004, and to propose to the General Assembly, at its fifty-ninth session, an appropriate mechanism to address price fluctuations of commodities and declining terms of trade and their impact on the development of developing countries;

"3. *Requests* the Department of Economic and Social Affairs, in collaboration with the United Nations Commission on International Trade Law, to develop, through an informal process, within the Monterrey modalities, a comprehensive, coherent and fair debt workout mechanism to address debt and its development dimensions for consideration by the General Assembly at its fifty-ninth session;

"4. *Calls* for strengthened action and early decisions before the next High-level Dialogue on enhancing the voice and participation of developing countries in the work and decision-making processes of the intergovernmental bodies of the Bretton Woods institutions;

"5. *Invites* the World Trade Organization to strengthen its relationship with the United Nations in ways similar to those which exist between the United Nations and the Bretton Woods institutions, in particular through its active involvement in the meetings of the General Assembly and the Economic and Social Council devoted to financing for development;

"6. *Decides* to convert the United Nations Ad Hoc Group of Experts on International Cooperation in Tax Matters into an intergovernmental subsidiary body of the Economic and Social Council, and to that end requests the Ad Hoc Group of Experts to develop, at its forthcoming eleventh session in December 2003, a concrete proposal for such a conversion, including the composition and definition of functions to be assigned to the new body, for consideration by the Economic and Social Council at its next substantive session and by the General Assembly during its fifty-eighth session;

"7. *Decides* to hold the next High-level Dialogue on Financing for Development in 2005, at the ministerial level, the time and modalities of which will be set by the General Assembly at its fifty-ninth session, taking into account other major events scheduled for 2005 and the need for necessary and adequate provisions for an enhanced dialogue;

"8. *Decides also* that the annual special high-level meeting of the Economic and Social Council with the Bretton Woods institutions should be focused, with the participation of all relevant ministries and increased intergovernmental involvement from the international and finance and trade institutions, and should address one or two topics selected at its previous annual substantive session from the Monterrey Consensus, based on the overall theme of coherence, coordination and cooperation in the implementation of and follow-up to the commitments and agreements made at the International Conference on Financing for Development, bearing in mind that all aspects of the Monterrey Consensus should be adequately addressed in a periodic manner;

"9. *Decides further* to set up a Committee on Financing for Development, as a supporting intergovernmental mechanism of the Economic

and Social Council, to be made up of 15 representatives drawn from Member States of the United Nations, on a rotating and geographically-balanced basis, to meet regularly throughout the year, and as necessary, to: assist the President of the General Assembly in the preparation of high-level dialogues; effectively prepare for the special high-level meetings with the Bretton Woods institutions, including the preliminary interactions indicated in paragraph 69 (a) of the Monterrey Consensus; provide guidance to the Secretariat on required matters; and deal, on a continuous basis, as they arise, with other related aspects of the follow-up to the International Conference on Financing for Development;

"10. *Recommends* that the regional commissions, in cooperation with regional development banks and with the support of United Nations funds and programmes, make more use of their regular intergovernmental meetings and hold special meetings, as necessary, to address regional and interregional aspects of the follow-up to the Monterrey Conference and thus help bridge any gaps between national, regional and international dimensions of the implementation of the Monterrey Consensus and serve as inputs to the High-level Dialogue as well as to the spring meeting of the Economic and Social Council;

"11. *Decides* to convene informal, multi-stakeholder study groups to examine and make recommendations to the fifty-ninth session of the General Assembly on issues such as the establishment of an information clearing house for the dissemination of information about and the promotion of developing countries in order to enhance the flow of foreign direct investment to developing countries;

"12. *Requests* the Secretary-General to consolidate and strengthen further the structures of the Secretariat set up to support the financing for development follow-up process in order to allow them to perform effectively all the responsibilities and functions indicated in resolution 57/273 and those arising from the implementation of the present resolution in launching a global information campaign and developing a global monitoring framework for the implementation of the commitments and agreements contained in the Monterrey Consensus;

"13. *Decides* to include in the provisional agenda of its fifty-ninth session an item entitled 'Follow-up to the International Conference on Financing for Development', and requests the Secretary-General to submit a report on the implementation of the present resolution, to be prepared in consultation and cooperation with the major institutional stakeholders."

Draft resolution A/C.2/58/L.40

7. At the 35th meeting, on 17 November, the representative of the United States of America introduced a draft resolution entitled "Follow-up to the International Conference on Financing for Development" (A/C.2/58/L.40), which read:

"*The General Assembly,*

"*Recalling* its resolution 56/210 B of 9 July 2002, by which it endorsed the Monterrey Consensus of the International Conference on Financing for Development, and its resolution 57/273 of 20 December 2002, in which it

requests the Secretary-General to establish appropriate arrangements for sustained follow-up within the United Nations to the agreements and commitments reached at the Conference,

"Bearing in mind the internationally agreed development goals, including those contained in the United Nations Millennium Declaration, as well as the agreements made at the World Summit on Sustainable Development,

"Recognizing that human beings are at the centre of concerns for sustainable development, and that eradicating poverty, achieving the internationally agreed development goals and realizing a sustainable rise in living standards require economic growth supported by rising productivity in national economies,

"Reaffirming its commitment to sound economic policies and solid democratic institutions responsive to the needs of the people as the basis for sustained economic growth, poverty eradication and employment creation,

"Stressing the need for appropriate policy and regulatory frameworks at their respective national levels and in a manner consistent with national laws to encourage public and private initiatives, including at the local level, to foster a dynamic and well functioning business sector, while improving income growth and distribution, raising productivity, empowering women and protecting labour rights and the environment,

"Reiterating the importance of fighting corruption, and in that regard, welcoming the recent agreement on a United Nations Convention against Corruption,

"Underlining the importance of increased investment in basic economic and social infrastructure, social services and social protection, including education, health, nutrition, shelter and social security programmes, which are vital for enabling people, especially people living in poverty, to adapt better to and benefit from changing economic conditions and opportunities,

"Encouraging the orderly development of capital markets through sound banking systems and other institutional arrangements aimed at addressing development financing needs, including the insurance sector and debt and equity markets, that encourage and channel savings and foster productive investments,

"Urging Governments to strengthen their efforts to achieve a transparent, stable and predictable investment climate, with proper contract enforcement and respect for property rights, embedded in sound macroeconomic policies and institutions that allow businesses, both domestic and international, to operate efficiently and profitably and with maximum development impact,

"Reaffirming its commitment to trade liberalization and to ensuring that trade plays its full part in promoting economic growth, employment and development for all,

"Stressing the importance of enhancing the role of regional and subregional agreements and free trade areas, consistent with the multilateral trading system, in the construction of a better world trading system,

"Recognizing the importance for developing countries as well as countries with economies in transition of considering reducing trade barriers among themselves,

"1. Welcomes the High-level Dialogue on Financing for Development, held in New York on 29 and 30 October 2003, and reiterates the call for the full implementation of the commitments made in the Monterrey Consensus of the International Conference on Financing for Development;

"2. Requests the Secretary-General to strengthen the Financing for Development Office of the Department of Economic and Social Affairs of the Secretariat, through the redeployment of resources, in order to enhance its activities to promote and mobilize support for the Monterrey Consensus, and to include in those activities, inter alia:

"(a) Organizing workshops, working parties and multi-stakeholder consultations with experts from the official and private sectors as well as academia and civil society to examine impediments to the mobilization of resources from all available sources for international development and poverty alleviation;

"(b) Convening a public-private process to examine ways to stimulate private investment and financing by mitigating risk at the margin, involving knowledgeable company and financial institution representatives, academic experts and multilateral development bank officials;

"(c) Convening side events during sessions of the General Assembly and other appropriate United Nations forums to showcase success stories in implementing the commitments made in and achieving the goals of the Monterrey Consensus;

"3. Requests the Secretary-General to report to the General Assembly at its fifty-ninth session on the implementation of the present resolution, highlighting positive developments at the national and regional levels as well as success stories in an effort to share good practices;

"4. Decides to include in the provisional agenda of its fifty-ninth session an item entitled 'Financing for development'."

8. At the same meeting, statements were made by the representatives of Italy (on behalf of the European Union) and Morocco (on behalf of the States Members of the United Nations that are members of the Group of 77 and China).

9. Also at the same meeting, the representative of Malta made a statement on behalf of the Ad Hoc Open-ended Working Group on Informatics.

Action on draft resolutions A/C.2/58/L.39, A/C.2/58/L.40 and A/C.2/58/L.83

10. At the 40th meeting, on 16 December, the Vice-Chairman of the Committee, Henri S. Raubenheimer (South Africa), introduced a draft resolution entitled "Follow-up to and implementation of the outcome of the International Conference on Financing for Development" (A/C.2/58/L.83), which he submitted on the basis of informal consultations held on draft resolutions A/C.2/58/L.39 and A/C.2/58/L.40.

11. At the same meeting the representatives of Cameroon, Morocco, the Russian Federation and the United States of America made oral corrections to the draft resolution.

12. Also at the same meeting, the Secretary of the Committee read out an oral statement on the programme budget implications of draft resolution A/C.2/58/L.83.

13. At the same meeting, the Committee adopted draft resolution A/C.2/58/L.83 as orally corrected (see para. 15).

14. In the light of the adoption of draft resolution A/C.2/58/L.83, draft resolutions A/C.2/58/L.39 and A/C.2/58/L.40 were withdrawn by their sponsors.

III. Recommendation of the Second Committee

15. The Second Committee recommends to the General Assembly the adoption of the following draft resolution.

Follow-up to and implementation of the outcome of the International Conference on Financing for Development

The General Assembly,

Recalling the International Conference on Financing for Development and its resolutions 56/210 B of 9 July 2002, 57/250 and 57/270 B of 23 June 2003, 57/272 and 57/273 of 20 December 2002, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002 and 2003/47 of 24 July 2003,

Taking note of the report of the Secretary-General on the implementation of and follow-up to commitments and agreements made at the International Conference on Financing for Development,¹ prepared in collaboration with the major institutional stakeholders,

Having considered the summary presented by the President of the General Assembly of the High-level Dialogue on Financing for Development, held on 29 and 30 October 2003,²

Having considered the summary presented by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions and the World Trade Organization,³

Determined to continue to implement and build further on the commitments made and agreements reached at the International Conference on Financing for Development, and to strengthen the coordinated and coherent engagement of all relevant stakeholders in the financing for development process,

1. *Welcomes* the first High-level Dialogue on Financing for Development, held in New York on 29 and 30 October 2003;

¹ A/58/216.

² A/58/555 and Corr.1.

³ A/58/77-E/2003/62.

2. *Reiterates* the call to fully implement and to build further on the commitments made and agreements reached at the International Conference on Financing for Development;

3. *Notes* the progress made in the implementation of these commitments and agreements and that much remains to be done in this context;

4. *Emphasizes* the link between financing for development and the achievement of the internationally agreed development goals, including those contained in the United Nations Millennium Declaration;⁴

5. *Stresses*, in order to complement national development efforts, the importance of full implementation of the commitment to enhance further the coherence and consistency of international monetary, financial and trading systems, and in this context requests the Secretary-General to keep actions under review;

6. *Recognizes* initiatives taken to enhance the voice, participation and representation of developing countries and countries with economies in transition in the work and decision-making processes of the intergovernmental bodies of institutional stakeholders, and invites them to continue and strengthen actions aimed at reaching decisions in this regard;

7. *Invites* the World Trade Organization to strengthen its institutional relationship with the United Nations, in particular through its active involvement in the meetings of the General Assembly and the Economic and Social Council devoted to financing for development, and through its participation in the preparation of the annual report on the implementation of and the follow-up to the commitments made and agreements reached at the International Conference on Financing for Development;

8. *Welcomes* the decisions by the major institutional stakeholders of the International Conference on Financing for Development to include in the agendas of their intergovernmental bodies relevant items on the implementation of the Monterrey Consensus of the International Conference on Financing for Development,⁵ and invites all major institutional stakeholders to consider doing so, in accordance with paragraph 70 of the Monterrey Consensus, and to make a contribution to the assessment of progress made to the High-level Dialogue on Financing for Development of the General Assembly and to the spring meeting of the Economic and Social Council;

9. *Requests* the United Nations Conference on Trade and Development, in cooperation with other relevant stakeholders, to continue to address in a comprehensive way commodities issues and their impact on financing for development;

10. *Requests* the Economic and Social Council, in its examination of the report of the Ad Hoc Group of Experts on International Cooperation in Tax Matters at its next substantive session to give consideration to the institutional framework for international cooperation in tax matters;

⁴ Resolution 55/2.

⁵ *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

11. *Recalls* paragraph 69 of the Monterrey Consensus and building on the experience of the high-level spring meeting of the Economic and Social Council and the High-level Dialogue of the General Assembly in 2003, in the context of the integrated approach to the follow-up to and implementation of the commitments made and agreements reached at the International Conference on Financing for Development, requests:

(a) The President of the General Assembly, in coordination with the President of the Economic and Social Council, to strengthen the preparations with all major institutional and other stakeholders of matters relevant to the organization of the High-level Dialogue, in consultation with all Member States;

(b) The President of the Economic and Social Council, with support from the Vice-Presidents, to enhance the Council's interactions through regular exchanges with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development on organizational matters related to the follow-up to the International Conference on Financing for Development, within the context of the preparations of the high-level meeting with these institutions, bearing in mind General Assembly resolution 57/270 B and Economic and Social Council resolution 2003/47, and to report thereon to the Council;

(c) The President of the Economic and Social Council, in consultation with all major institutional stakeholders, to focus the annual special high-level meeting on specific issues, within the holistic integrated approach of the Monterrey Consensus, and to report thereon to the Council;

12. *Invites* the regional commissions, with the support of regional development banks, as appropriate, and in cooperation with United Nations funds and programmes, to use the opportunity of their regular intergovernmental sessions to hold special meetings within existing resources, as necessary, to address the regional and interregional aspects of the follow-up to the Monterrey Conference and thus help to bridge any gaps between the national, regional and international dimensions of the implementation of the Monterrey Consensus and serve as inputs to the High-level Dialogue as well as to the spring meeting of the Economic and Social Council;

13. *Welcomes* the establishment of the Financing for Development Office in the Department of Economic and Social Affairs of the Secretariat, and in this regard reiterates the need to fully implement resolution 57/273 of 20 December 2002 to enable the Office to provide effective support to the intergovernmental process entrusted with the follow-up to the International Conference on Financing for Development, and to facilitate the participation of all stakeholders in accordance with the rules of procedure of the United Nations, in particular the accreditation procedures and modalities of participation utilized at the Conference and in its preparatory process, as well as to continue within its mandate:

(a) To organize workshops and multi-stakeholder consultations, including experts from the official and private sectors, as well as academia and civil society, to examine issues related to the mobilization of resources for financing development and poverty eradication;

(b) To convene activities involving various stakeholders, including the private sector and civil society, as appropriate, to promote best practices and

exchange information on the implementation of the commitments made and agreements reached at the International Conference for Financing for Development;

14. *Decides* to consider at its fifty-ninth session possible innovative sources of financing for development, and requests the Secretary-General to submit the result of the analysis on this issue as called for in paragraph 44 of the Monterrey Consensus;

15. *Invites* countries to report, inter alia, through existing reporting mechanisms, by 2005 on their efforts to implement the Monterrey Consensus, bearing in mind the need to achieve the internationally agreed development goals, including those contained in the Millennium Declaration;

16. *Decides* to hold the 2005 High-level Dialogue on Financing for Development at ministerial level; the time and modalities of this High-level Dialogue will be set by the General Assembly at its fifty-ninth session, taking into account other major events in the same year and the need for adequate provisions for an enhanced dialogue;

17. *Also decides* to include in the provisional agenda of its fifty-ninth session an item entitled "Follow-up to the implementation of the International Conference on Financing for Development", and requests the Secretary-General to submit an annual analytical assessment of the state of the implementation of the Monterrey Consensus, including the implementation of the present resolution, to be prepared in full collaboration with the major institutional stakeholders.